

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL MEMORANDUM**

HB 1380 - SB 1675

March 3, 2014

SUMMARY OF ORIGINAL BILL: Authorizes the Board of Funeral Directors and Embalmers to utilize an authorized representative of the Board, either a licensed funeral director or licensed embalmer, to perform announced and unannounced inspections of a funeral establishment which is making application to the Board for initial licensure, change of ownership, or change of location. Such announced inspection shall be required prior to application approval. Creates provisions applicable to unannounced inspections. Requires that reasonable care be used to avoid disruption to guests of a funeral establishment and that the applicant reasonably cooperate with the authorized representative of the Board.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (012927): Establishes a vice president position within the Board of Funeral Directors and Embalmers. The Board shall fill such position from its members. Requires that any investigation of a crematory be performed by a representative of the Board who is a certified crematory operator. Authorizes the Board to require an application fee and a licensure fee for persons applying to the Board for reciprocity.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

On February 27, 2014, a fiscal memorandum was issued estimating an impact as follows:

Increase State Expenditures - \$2,100/One-Time/Board of Funeral Directors and
Embalmers

Due to additional review, this impact was determined to be in error. Also, the assumptions have been amended to correct an erroneous reference to a specific non-profit entity. The fiscal impact is:

HB 1380 - SB 1675 (CORRECTED)

(CORRECTED)

Increase State Expenditures - \$2,100/One-Time/Board of Funeral Directors and Embalmers

Other Fiscal Impact - The regulatory boards are required to be self-supporting over a two-year period. The Board of Funeral Directors and Embalmers will be able to absorb this \$2,100 with existing resources. Should an accumulation of such impacts occur, the Board would increase the cost of fees to its licensees to cover such excess expenditures. As of June 30, 2013, the Board had a reserve balance of \$713,380.

Assumptions for the bill as amended:

- According to the Department of Commerce and Insurance, the provisions listed will, in large part, codify existing practice.
- According to the Department, there are 3 licensed crematory operators, who each perform investigatory duties with the Department, who will need to gain certification as a crematory operator.
- The exact certifying entity is unknown but is reasonably assumed to be similar to the National Funeral Directors Association (NFDA). None of the three inspectors are members of NFDA.
- A non-NFDA member CCO course costs \$525 per person. There is no renewal, or required continued-learning to retain such certification. The Board will pay for the certification.
- A course must be attended in-person.
- There will be no travel reimbursement for the inspectors because each drives a state-owned car.
- The estimated cost to certify these three inspectors will result in a one-time increase in Board expenditures of \$2,139 [3 x (course \$525 + lodging \$122 + meals \$66)] in FY14-15.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over a two-year period. The Board of Funeral Directors and Embalmers had a closing balance of \$484,954 in FY11-12, a deficit of \$98,294 in FY12-13, and a closing reserve balance of \$713,380 on June 30, 2013.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Corrected assumptions for the bill as amended:

- Any additional infractions of licensees resulting in fines or penalties will not result in a significant increase in business expenses for businesses within this state.

- The certifying entity will experience an increase in business revenue of \$1,575 (3 x \$525). This entity is not likely to be domiciled in Tennessee; therefore, this will have no significant impact to commerce or jobs in this state.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/jdb